




State of Wisconsin


LEGISLATIVE REFERENCE BUREAU


RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**


Date Transfer Requested: 11/04/2013 (Per: MGG)

Compile Draft – Appendix A

Appendix A  The 2013 drafting file for LRB-3187

Appendix B  The 2013 drafting file for LRB-3195

Appendix C  The 2013 drafting file for LRB-3199

Appendix D  The 2013 drafting file for LRB-3273

(all Rep. Mursau drafts)

have been copied/added to the drafting file for

2013 LRB-3547

2013 DRAFTING REQUEST

Bill

Received: **9/18/2013** Received By: **rkite**
Wanted: **As time permits** Same as LRB:
For: **Jeffrey Mursau (608) 266-3780** By/Representing: **Himself**
May Contact: Drafter: **mglass**
Subject: **Nat. Res. - parks and forestry** Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email: **Rep.Mursau@legis.wisconsin.gov**
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Managed forest law revisions by the council on forestry; tax/fee structure

Instructions:

See attached, items 2, 3, and 4

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mglass 9/24/2013			_____			
/P1	mglass 10/23/2013	evinz 10/1/2013	jmurphy 10/1/2013	_____	sbasford 10/1/2013		
/P2		evinz 10/23/2013	jfrantze 10/23/2013	_____	lparisi 10/23/2013		

FE Sent For:

<END>

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/?	mglass 9/24/2013						
/P1		evinz 10/1/2013	jmurphy 10/1/2013		sbasford 10/1/2013		
FE Sent For:		1/2 eeV 10/23/13	1/2 eeV 10/23/13 <END>				

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1/?	mglass	pl eev 9/1/13	pl eev 10/1/13				
FE Sent For:		30		Jim 10/1/13			

<END>

1 Do not draft

Proposed Revision 2: Reduce/restructure withdrawal taxes and fees.

Current Situation: Landowners who withdraw lands from MFL early are required to pay a withdrawal tax and fee based upon the assessed value of the land in the year prior to withdrawal, the net town tax rate, and the number of years under the law. All acreage share and yield taxes are subtracted. A \$300 withdrawal fee is added. Some withdrawal taxes can be high if lands were re-assessed while enrolled in MFL. The withdrawal tax does a variety of things: (1) reimburses local municipalities for lost tax revenue, and (2) provides an incentive to keep forests as working forests. In each scenario, landowners who withdraw early may not be providing timber products and other public benefits for the 25 or 50 year term in which they enrolled. The MFL withdrawal tax was originally designed to reimburse municipalities for unpaid property tax, however the longer the lands are enrolled in the MFL program the more chance that lands have been re-assessed. The reassessment has the effect of increasing the size of the withdrawal tax payment since the withdrawal tax formula uses the assessed value in the year prior to withdrawal and then uses that value for the entire length that lands were enrolled in MFL, which can result in a withdrawal cost exceeding the actual value of the property. Previously paid acreage share and yield tax amounts are subtracted from the withdrawal fee owed by the landowner withdrawing the MFL lands.

Withdrawal penalties for converting agricultural use value taxed lands range from 5 to 10 percent of adjusted land values, unless left fallow for one year prior to development after which no penalties are assessed for conversion. Penalties for lands under the Farmland Preservation Program rezoned for development were eliminated by the legislature in 2011 because they were thought to be excessive. More information on the assessment of agricultural properties can be found here: <http://www.revenue.wi.gov/pubs/slf/pb061.pdf>

Proposed Modifications: Modify the current withdrawal tax formula to reduce the amount due on lands if voluntarily or involuntarily withdrawn. Establishing a maximum number of years to be used in the withdrawal tax formula would acknowledge the amount of time a landowner was enrolled in MFL and remained in compliance with the program before withdrawing. The procedure of subtracting the paid acreage share and yield taxes from the withdrawal fee would be eliminated. (This also provides for the elimination of the need to report harvest volumes on cutting reports by legal description.) The calculation of the withdrawal fee could be based on the individual parcel ad valorem tax for the year prior to withdrawal and a maximum number of years rather than the total years the lands were enrolled.

Retroactive: This modification is envisioned to be retroactive for all existing and future MFL enrollments.

Conclusion: The CoF concluded that determining a reasonable maximum number of years to be used to calculate withdrawal tax will require further analysis in order for it to be appropriate to encourage continued MFL participation of enrolled lands along with new enrollments.

Proposed Revision 3: Change the procedure to allow counties to generate and collect financial transactions for MFL yield and withdrawal taxes.

Current Situation:

MFL Yield Tax: The DNR bills landowners for yield tax every one to two months following completion of a timber harvest on MFL lands and the submittal of a cutting report by the landowner. DNR calculates amount owed (volume harvested by forest product multiplied by an average annual zonal rate). There are 13 zones in the state to better reflect market conditions. The landowner is given until the end of the month following billing to pay the invoice and the state can charge 12% interest on late payments. The

77.88(5)
need
more
info.

not
enough
info
added
5yrs
as
place
holder
M66

M66
R100
B100

DNR collects monies, including interest, and is required by statute to pay the local municipality annually. (Normally this payment is done quarterly). The local municipality is then required to pay the County 20% of amount collected annually. This occurs in 71 counties with a total of approximately 2,000 invoices statewide annually. The number of invoices by county varies widely from a couple invoices per year to several hundred.

MFL Withdrawal Tax: The DNR determines which lands are no longer in compliance with the law. The landowner is provided an opportunity to come into compliance and if they fail to do so the DNR issues an Order of Withdrawal. Copies of that Order are sent to the County and local municipality. The DNR then works with the Department of Revenue (DOR) to determine the MFL withdrawal tax amount (DOR determines the "net property tax rate" value). DNR credits any yield and acreage share taxes paid for that specific parcel), adds a \$300 administration fee, generates the bill, collects the funds, and pays the local municipality once payment has been received. The DNR keeps the \$300 administration fee and sends the remainder to the local municipality. The local municipality currently keeps 80% and sends 20% to the County.

Proposed Modifications: Have the counties take over the MFL yield and withdrawal billing and collection.

MES/EVM?

MFL Yield Tax: The DNR would continue to ensure timber is harvested sustainably and determine the amount of the yield tax owed. The DNR would enhance their computer system to compute the bill amount and make information available for a county to download via electronic file. Counties would be given access to DNR computer database in order to facilitate timely and simple access to those records for which an invoice needs to be prepared. Counties would invoice and collect yield taxes from landowners. They would also be able to charge interest on late amounts. Counties would then be required to split those funds with the local municipality as required by law. (20% county/80% local municipality). Counties would handle any unpaid invoices as a special charge on the property tax bill as currently authorized by Statute. Local DNR foresters would be made available for landowner or municipality questions regarding an individual yield tax account.

MFL Withdrawal Tax: The DNR would still determine when to issue an Order of Withdrawal. The county would determine and collect the withdrawal tax due. The DNR would seek to have the withdrawal tax rate formula simplified to be the actual property tax rate for that specific parcel the year prior to withdrawal as previously described. This change would make the calculation simpler and better reflect the actual taxation rate that would have been paid had the land not been enrolled in the MFL. Once the withdrawal tax is collected, the County would send the local municipality their share. The DNR would seek to allow the county to bill and keep the \$300 administration fee and would also seek to not have the landowner receive credits for any MFL acreage share or yield taxes paid while enrolled in the law.]

Retroactive: This proposed process would be used for all existing and future MFL and FCL entries/landowners.

Conclusion: Council members have had some communication with county representatives and concluded there is interest on their part to examine this further. The CoF reached consensus to move this issue forward for legislative consideration.

Proposed Revision 4: Eliminate the 5% yield tax comparison requirement for determining withdrawal taxes.

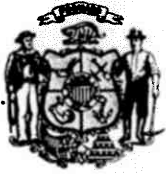
Current Situation: Landowners are required to pay the higher of two withdrawal tax calculation formulas, based on (1) an amount based on assessed value, net town tax rate and number of years in the MFL program, or (2) 5% of the established value of timber based on tree species, volume and product within the established market zones. In 90% of cases the formula based on assessed value is used. DNR determines the 5% yield tax calculation based on forest reconnaissance data contained in the DNR computer database. If the two withdrawal tax calculations are close, DNR requests DNR foresters to obtain new forest reconnaissance data before making the final determination of which calculation to use.

71.88(5). Proposed Modifications:

- Eliminate the comparison of the 5% yield tax with the assessed value calculation.
- Eliminate the need for a court ordered estimate if landowners disagree with the 5% yield tax calculation when determining withdrawal taxes.
- Use the withdrawal calculation process in Proposed Revision 2. *5 yrs as placeholder*

Retroactive: This proposal would need to be made retroactive to all MFL landowners in order to create efficiencies in MFL administration.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3187 P1

MGG:.....

Leev

DN Don

in 9/24 ~~10/24~~

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SAJ
krefJ

gen cat

- 1 **AN ACT** relating to: withdrawal taxes and fees imposed on the withdrawal of
2 managed forest land and yield taxes imposed for cutting timber from managed
3 forest land.

Analysis by the Legislative Reference Bureau

✓ This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 4 + ^X **SECTION 1.** 20.370 (5) (bv) of the statutes is amended to read:
5 20.370 (5) (bv) *Resource aids — county forests, forest croplands and managed*
6 *forest land aids.* A sum sufficient to pay county forest aids under s. 28.11 (8) (a),
7 forest croplands aids under subch. I of ch. 77 and managed forest land aids under ss.
8 s. 77.85 and ~~77.89~~ ^X (1).
9 — **SECTION 2.** 77.84 (3) (b) of the statutes is amended to read:

1 77.84 (3) (b) Immediately after receiving the certification of the county clerk
2 that a tax deed has been taken, the department shall issue an order withdrawing the
3 land as managed forest land. The notice requirement under s. 77.88 (1) does not
4 apply to the department's action under this paragraph. The department shall notify
5 the county treasurer of the amount of the withdrawal fee under s. 77.88 (5m) and the
6 withdrawal tax, as determined under s. 77.88 (5). The amount of the tax and the fee
7 shall be payable to the ~~department~~ county under s. 75.36 (3) if the property is sold
8 by the county. ~~The amount shall be credited to the conservation fund.~~

9 — ^xSECTION 3. 77.87 (3) of the statutes is amended to read:

10 77.87 (3) PAYMENT. A tax assessed under sub. (1) or (2) is due and payable to
11 ↓ ~~the department~~ each county in which the cutting of merchantable timber occurred
12 on the last day of the next month following the date the certificate is mailed to the
13 owner. The ~~department~~ county shall collect interest at the rate of 12% per year on
14 any tax that is paid later than the due date. ~~Amounts received shall be credited to~~
15 ~~the conservation fund.~~

16 — ^xSECTION 4. 77.87 (5) of the statutes is amended to read:

17 77.87 (5) DELINQUENCY. If a tax due under this section is not paid on or before
18 the last day of the August following the date specified under sub. (3), the ^{paid ✓}~~department~~
19 county shall certify to the ~~taxation district clerk~~ municipal clerk of each municipality
20 in which the cutting occurred the description of the land, and the amount due for the
21 tax and interest. The ~~taxation district~~ municipal clerk shall enter the delinquent
22 amount on the property tax roll as a special charge.

23 ^xSECTION 5. 77.876 (1) of the statutes is amended to read:

24 77.876 (1) ASSESSMENT. The department shall certify to each municipality in
25 which the ~~property~~ land is located an owner's failure to complete a forestry practice

1 during the period of time required under an applicable management plan, and the
2 municipality shall impose a noncompliance assessment of \$250 against the owner for
3 each failure. The department shall mail a copy of the certificate of assessment to the
4 owner at the owner's last-known address and to the municipality.

5 **SECTION 6.** 77.876 (4) of the statutes is amended to read:

6 77.876 (4) DELINQUENCY. If an assessment due under sub. (1) is not paid on or
7 before the last day of the August following the date specified under sub. (2), the
8 municipality shall certify to the taxation district clerk the description of the land and
9 the amount due for the assessment and interest. The taxation district municipal
10 clerk shall enter the delinquent amount on the property tax roll as a special charge.

11 — **SECTION 7.** 77.88 (5) (a) (intro.) and 1. of the statutes are consolidated,
renumbered 77.88 (5) (ae) and amended to read:

77.88 (5) (ae) Original orders. Except as provided in pars. (am), (ar), and (b),
for land withdrawn during a managed forest land order, the withdrawal tax shall be
15 the higher of the following:

16 1. An amount equal to the past tax liability for the year prior to the
7 withdrawal multiplied by 5 years or by the number of years the land was designated
as managed forest land, less any amounts paid by the owner under ss. 77.84 (2) (a)
and (am) and 77.87 whichever is fewer.

****NOTE: "Five years" is a place holder. Please let us know the maximum number
of years you want to use in this provision.

0 — **SECTION 8.** 77.88 (5) (a) 2. of the statutes is repealed.

21 — **SECTION 9.** 77.88 (5) (am) (title) of the statutes is created to read:

22 77.88 (5) (am) (title) Converted forest croplands. INS 3-22

~~This does not exist~~
****NOTE: The provisions for calculating the withdrawal tax for converted forest
croplands remain unchanged. See s. 77.88 (5) (am). OK?

SECTION . CR; 77.88 (5) (a) (1) (title)
77.88 (5) (ab) (title) Definitions.
(B)

1 — SECTION 10. 77.88 (5) (ar) (title) of the statutes is created to read:

2 77.88 (5) (ar) (title) *Expanded orders.*

3 — SECTION 11. 77.88 (5) (ar) 1. of the statutes is amended to read:

4 77.88 (5) (ar) 1. For the portion of the land that is designated as managed forest
5 land under the original order, an amount equal to the product of the total net
6 property tax rate in the municipality in the year prior to the year in which the
7 expanded order is approved and the assessed value of the land for the same year, as
8 computed by the department of revenue, multiplied by 5 years or by the number of
9 years under the original order, ~~less any amounts paid by the owner under ss. 77.84~~
10 ~~(2) (a) and 77.87 during the time the land was designated as managed forest land~~
11 ~~under the original order~~ whichever is fewer.

****NOTE: "Five years" is a place holder. Please let us know the maximum number
of years you want to use in this provision.

12 — SECTION 12. 77.88 (5) (ar) 2. of the statutes is amended to read:

13 77.88 (5) (ar) 2. An amount equal to the product of the total net property tax
14 rate in the municipality in the year prior to this withdrawal and the assessed value
15 of the land for the same year, as computed by the department of revenue, multiplied
16 by 5 years or by the number of years the land was designated as land under the
17 expanded order, ~~less any amounts paid by the owner under ss. 77.84 (2) (am) and~~
18 ~~77.87 during the time the land is designated as managed forest land under the~~
19 ~~expanded order~~ whichever is fewer.

****NOTE: "Five years" is a place holder. Please let us know the maximum number
of years you want to use in this provision.

20 — SECTION 13. 77.88 (5) (b) (title) of the statutes is created to read:

21 77.88 (5) (b) *Renewals.*

(title)

1 SECTION 14. 77.88 (5) (b) (intro.) of the statutes ^{and 1.} is consolidated, renumbered ^{are}
2 77.88 (5) (b) and amended to read:

3 77.88 (5) (b) For land withdrawn after the renewal of a managed forest land
4 order, the withdrawal tax shall be the higher of the following:

5 1. An an amount equal to the past tax liability for the year prior to the
6 withdrawal multiplied by 5 years or by the number of years since the renewal, less
7 any amounts paid by the owner under ss. 77.84 (2) (a) and (am) and 77.87 whichever
8 is fewer.

****NOTE: "Five years" is a place holder. Please let us know the maximum number
of years you want to use in this provision.

9 SECTION 15. 77.88 (5) (b) 2. of the statutes is ^{repealed.} repealed.

10 SECTION 16. 77.88 (5) (c) of the statutes is ^{amended to read:} amended to read:

11 77.88 (5) (c) Calculation of tax, For purposes of pars. (a) 1. (ae) and (b) 1., if the
12 parcel of land is located in a single municipality, the past tax liability is an amount
13 equal to the product of the total net property tax rate for that municipality in the year
14 prior to the withdrawal multiplied by the assessed value of the parcel of land for the
15 same year, as computed by the department of revenue. For purposes of pars. (a) 1.
16 (ae) and (b) 1., if the parcel is located in more than one municipality, the past tax
17 liability is an amount equal to the sum of the products calculated by multiplying the
18 total net property tax rate for each municipality in the year prior to the withdrawal
19 by the corresponding assessed value of the land in that municipality for the same
20 year, as computed by the department of revenue.

****NOTE: Joe, should there be a cross reference in here to pars. (ag) and/or (ar)?
This draft has some clean up stuff in so this would be a good time to correct this.

21 SECTION 17. 77.88 (5m) of the statutes is amended to read:

77.88 (5m) WITHDRAWAL FEE. The withdrawal fee assessed by the department under subs. (1) (c), (2) (am), (c), and (f), (3), and (3m) shall be \$300 and shall be paid by the owner to the county in which the land subject the withdrawal is located. If the land is located in more than one county, the department shall calculate the amount owed each county by dividing the \$300 by the total number of acres of the land subject to withdrawal and by then multiplying that quotient by the number of acres located in that county.

no score

SECTION 18. 77.88 (7) of the statutes is amended to read:

77.88 (7) PAYMENT; DELINQUENCY. Taxes under sub. (5) and fees under sub. (5m) are due and payable to the department each county in which the land is located on the last day of the month following the effective date of the withdrawal order. Amounts received shall be credited to the conservation fund. If the owner of the land fails to pay the tax or fee, the department county shall certify to the taxation district municipal clerk the amount due of each municipality in which the land is located the amount due. The taxation district clerk shall enter the delinquent amount on the property tax roll as a special charge.

SECTION 19. 77.89 (1) of the statutes is amended to read:

77.89 (1) PAYMENT PAYMENTS BY COUNTIES TO MUNICIPALITIES; WITHDRAWAL AND YIELD TAXES. By June 30 of each year, the department, from the appropriation under s. 20.370 (5) (bv), each county shall pay 100 percent of each payment received under ss. 77.84 (3) (b) and, 77.87 (3) and 100 percent of each withdrawal tax payment received under s. and 77.88 (7) to the treasurer of each municipality in which is located the land to which the payment applies is located.

****NOTE: This does not include withdrawal fees. OK?

SECTION 20. 77.89 (2) (title) of the statutes is amended to read:

of the county

-7-

1 77.89 (2) (title) ~~PAYMENT~~ PAYMENTS BY MUNICIPALITIES TO COUNTIES, OPEN LANDS,2 ETC.3 — SECTION 21. 77.89 (2) (a) of the statutes is renumbered 77.89 (2) and amended
4 to read:5 77.89 (2) Each municipal treasurer shall pay 20% of each payment received
6 ~~under sub. (1) and~~ under ss. 77.84 (2) (a) and (am), 77.85, and 77.876 to the county7 treasurer in which the municipality is located and shall deposit the remainder in the

8 municipal treasury. The payment to the county treasurer for money received before

9 November 1 of any year shall be made on or before the November 15 after its receipt.

10 For money received on or after November 1 of any year, the payment to the county

11 treasurer shall be made on or before November 15 of the following year.

12 — SECTION 22. 77.89 (2) (b) of the statutes is renumbered 77.89 (3).

13 — SECTION 23. 77.89 (3) (title) of the statutes is created to read:

14 77.89 (3) (title) PAYMENTS THROUGH COUNTIES TO DEPARTMENT, CLOSED LANDS.

15 SECTION 24. Initial applicability.

16 (1) YIELD TAXES. The treatment of sections 20.370 (5) (bv), 77.87 (3) and (5), and

17 77.89 (1) ~~and (2)~~ ^{(2) (title) (a) and (b) and (3) (title)} of the statutes first applies to reports on timber cut that are filed

18 with the department of natural resources on the effective date of this subsection.

19 (2) WITHDRAWAL TAXES AND ASSESSMENTS. The treatment of sections 20.370 (5)

20 (bv), 77.84 (3) (b), 77.88 (5) (a) (intro.), 1., and 2., ^{(am) (title) (title)} and 2., ^{(ar) 1. and 2., (b) (intro.) 1., and 2.,}21 and (c), (5m), and (7), and 77.89 (1) ~~and (2)~~ ^{(title) (a) and (b) and (3) (title)} of the statutes first applies to orders of

22 withdrawal that are issued on the effective date of this subsection.

23

(END)

Section #. 77.88 (5) (am) 1. of the statutes is amended to read:

Insert
3-22

77.88 (5) (am) 1. The amount calculated under par. ~~(a)~~ ^(ae)

History: 1985 a. 29; 1991 a. 39; 1993 a. 16, 131; 1995 a. 27; 1999 a. 150 s. 672; 2003 a. 228; 2005 a. 64, 299;
2009 a. 186, 365; 2013 a. 20.

Insert 3/22

Section #. 77.88 (5) (am) of the statutes is amended to read:

77.88 (5) (am) For land that is withdrawn within 10 years after the date on which an initial managed forest land order was issued under s. 77.82 (8) for an application approved under s. 77.82 (7) (d), the withdrawal tax shall be the higher of the following:

1. The amount calculated under par. ~~tax~~ (ae)
2. The amount calculated under s. 77.10 (2) that would have applied to the land on the date on which the order was issued for the land under s. 77.82 (8).

History: 1985 a. 29; 1991 a. 39; 1993 a. 16, 131; 1995 a. 27; 1999 a. 150 s. 672; 2003 a. 228; 2005 a. 64, 299; 2009 a. 186, 365; 2013 a. 20.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-31877^{p1}in
MGG:.....
eev

date

1. This draft contains proposed revisions 2, 3, and 4.
2. Since the counties are now receiving the withdrawal tax payments, does s. 77.86 (2) need to be amended or does additional language need to be drafted to get any forfeited bond moneys to the counties? ✓

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215
E-mail: mary.gibson-glass@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3187/P1dn
MGG:eev:ev

October 1, 2013

1. This draft contains proposed revisions 2, 3, and 4.
2. Since the counties are now receiving the withdrawal tax payments, does s. 77.86 (2) need to be amended or does additional language need to be drafted to get any forfeited bond moneys to the counties?

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215
E-mail: mary.gibson-glass@legis.wisconsin.gov

Gibson-Glass, Mary

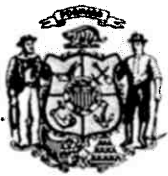
From: Rep.Mursau
Sent: Monday, October 14, 2013 4:40 PM
To: Gibson-Glass, Mary

Q: "Since the counties are now receiving the withdrawal tax payments, does 77.86(2) need to be amended or does additional language need to be drafted to get any forfeited bond moneys to the counties?"

A: This is something that could be eliminated from the MFL program (law). It is the simplest solution and will likely have no negative impact given the changes proposed by the Council on Forestry. If counties are doing the billing for yield tax they'd get the DNR report, send the landowner a bill and attach it as a special charge to the property tax bill if they are unable to collect that bill.

From: LRB.Legal
Sent: Tuesday, October 01, 2013 1:33 PM
To: Rep.Mursau
Subject: Draft review: LRB -3187/P1 Topic: Managed forest law revisions by the council on forestry; tax/fee structure

Following is the PDF version of draft LRB -3187/P1 and drafter's note.



State of Wisconsin
2013 - 2014 LEGISLATURE

D-Note

Today



RMR

LRB-3187/P2

MGG:eev:ev

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

regen

1 **AN ACT** *to repeal* 77.88 (5) (a) 2., 77.88 (5) (b) 2. and 77.88 (5) (c); *to renumber*
2 77.89 (2) (b); *to renumber and amend* 77.89 (2) (a); *to consolidate,*
3 *renumber and amend* 77.88 (5) (a) (intro.) and 1. and 77.88 (5) (b) (intro.) and
4 1.; *to amend* 20.370 (5) (bv), 77.84 (3) (b), 77.87 (3), 77.87 (5), 77.876 (1), 77.876
5 (4), 77.88 (5) (am) 1., 77.88 (5) (ar) 1., 77.88 (5) (ar) 2., 77.88 (5m), 77.88 (7), 77.89
6 (1) and 77.89 (2) (title); and *to create* 77.88 (5) (ab) (title), 77.88 (5) (am) (title),
7 77.88 (5) (ar) (title), 77.88 (5) (b) (title) and 77.89 (3) (title) of the statutes;
8 **relating to:** withdrawal taxes and fees imposed on the withdrawal of managed
9 forest land and yield taxes imposed for cutting timber from managed forest
10 land.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.370 (5) (bv) of the statutes is amended to read:

2 20.370 (5) (bv) *Resource aids — county forests, forest croplands and managed*
3 *forest land aids.* A sum sufficient to pay county forest aids under s. 28.11 (8) (a),
4 forest croplands aids under subch. I of ch. 77 and managed forest land aids under ss.
5 s. 77.85 and 77.89 (1).

6 **SECTION 2.** 77.84 (3) (b) of the statutes is amended to read:

7 77.84 (3) (b) Immediately after receiving the certification of the county clerk
8 that a tax deed has been taken, the department shall issue an order withdrawing the
9 land as managed forest land. The notice requirement under s. 77.88 (1) does not
10 apply to the department's action under this paragraph. The department shall notify
11 the county treasurer of the amount of the withdrawal fee under s. 77.88 (5m) and the
12 withdrawal tax, as determined under s. 77.88 (5). The amount of the tax and the fee
13 shall be payable to the ~~department~~ county under s. 75.36 (3) if the property is sold
14 by the county. ~~The amount shall be credited to the conservation fund.~~

SECTION 2. RP, 77.86(2) *

15 **SECTION 3.** 77.87 (3) of the statutes is amended to read:

16 77.87 (3) **PAYMENT.** A tax assessed under sub. (1) or (2) is due and payable to
17 ~~the department~~ each county in which the cutting of merchantable timber occurred
18 on the last day of the next month following the date the certificate is mailed to the
19 owner. The ~~department~~ county shall collect interest at the rate of 12% per year on
20 any tax that is paid later than the due date. ~~Amounts received shall be credited to~~
21 ~~the conservation fund.~~

22 **SECTION 4.** 77.87 (5) of the statutes is amended to read:

23 77.87 (5) **DELINQUENCY.** If a tax due under this section is not paid on or before
24 the last day of the August following the date specified under sub. (3), the ~~department~~
25 county shall certify to the ~~taxation district clerk~~ municipal clerk of each municipality

1 in which the cutting occurred the description of the land, and the amount due for the
2 tax and interest. The ~~taxation-district~~ municipal clerk shall enter the delinquent
3 amount on the property tax roll as a special charge.

4 **SECTION 5.** 77.876 (1) of the statutes is amended to read:

5 77.876 (1) ASSESSMENT. The department shall certify to each municipality in
6 which the ~~property~~ land is located an owner's failure to complete a forestry practice
7 during the period of time required under an applicable management plan, and the
8 municipality shall impose a noncompliance assessment of \$250 against the owner for
9 each failure. The department shall mail a copy of the certificate of assessment to the
10 owner at the owner's last-known address and to the municipality.

11 **SECTION 6.** 77.876 (4) of the statutes is amended to read:

12 77.876 (4) DELINQUENCY. If an assessment due under sub. (1) is not paid on or
13 before the last day of the August following the date specified under sub. (2), the
14 ~~municipality shall certify to the taxation-district clerk the description of the land and~~
15 ~~the amount due for the assessment and interest. The taxation-district~~ municipal
16 clerk shall enter the delinquent amount on the property tax roll as a special charge.

17 **SECTION 7.** 77.88 (5) (a) (intro.) and 1. of the statutes are consolidated,
18 renumbered 77.88 (5) (ae) and amended to read:

19 77.88 (5) (ae) Original orders. Except as provided in pars. (am), (ar), and (b),
20 for land withdrawn during a managed forest land order, the withdrawal tax shall be
21 ~~the higher of the following: 1. An~~ an amount equal to the past tax liability for the
22 year prior to the withdrawal multiplied by 5 years or by the number of years the land
23 was designated as managed forest land, ~~less any amounts paid by the owner under~~
24 ~~ss. 77.84 (2) (a) and (am) and 77.87~~ whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

1 **SECTION 8.** 77.88 (5) (a) 2. of the statutes is repealed.

2 **SECTION 9.** 77.88 (5) (ab) (title) of the statutes is created to read:

3 77.88 (5) (ab) (title) *Definitions.*

4 **SECTION 10.** 77.88 (5) (am) (title) of the statutes is created to read:

5 77.88 (5) (am) (title) *Converted forest croplands.*

6 **SECTION 11.** 77.88 (5) (am) 1. of the statutes is amended to read:

7 77.88 (5) (am) 1. The amount calculated under par. (a) (ae).

8 **SECTION 12.** 77.88 (5) (ar) (title) of the statutes is created to read:

9 77.88 (5) (ar) (title) *Expanded orders.*

10 **SECTION 13.** 77.88 (5) (ar) 1. of the statutes is amended to read:

11 77.88 (5) (ar) 1. For the portion of the land that is designated as managed forest
12 land under the original order, an amount equal to the product of the total net
13 property tax rate in the municipality in the year prior to the year in which the
14 expanded order is approved and the assessed value of the land for the same year, as
15 computed by the department of revenue, multiplied by 5 years or by the number of
16 years under the original order, ~~less any amounts paid by the owner under ss. 77.84~~
17 ~~(2) (a) and 77.87 during the time the land was designated as managed forest land~~
18 ~~under the original order~~ whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

19 **SECTION 14.** 77.88 (5) (ar) 2. of the statutes is amended to read:

20 77.88 (5) (ar) 2. An amount equal to the product of the total net property tax
21 rate in the municipality in the year prior to this withdrawal and the assessed value
22 of the land for the same year, as computed by the department of revenue, multiplied

1 by 5 years or by the number of years the land was designated as land under the
2 expanded order, ~~less any amounts paid by the owner under ss. 77.84 (2) (am) and~~
3 ~~77.87 during the time the land is designated as managed forest land under the~~
4 ~~expanded order~~ whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

5 **SECTION 15.** 77.88 (5) (b) (title) of the statutes is created to read:

6 77.88 (5) (b) (title) *Renewals.*

7 **SECTION 16.** 77.88 (5) (b) (intro.) and 1. of the statutes are consolidated,
8 renumbered 77.88 (5) (b) and amended to read:

9 77.88 (5) (b) For land withdrawn after the renewal of a managed forest land
10 order, the withdrawal tax shall be ~~the higher of the following: 1. An an~~ amount equal
11 to the ~~past tax liability for the year prior to the withdrawal~~ multiplied by 5 years or
12 by the number of years since the renewal, less any amounts paid by the owner under
13 ~~ss. 77.84 (2) (a) and (am) and 77.87~~ whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

14 **SECTION 17.** 77.88 (5) (b) 2. of the statutes is repealed.

15 **SECTION 18.** 77.88 (5) (c) of the statutes is repealed.

16 **SECTION 19.** 77.88 (5m) of the statutes is amended to read:

17 77.88 (5m) WITHDRAWAL FEE. The withdrawal fee assessed by the department
18 under subs. (1) (c), (2) (am), (c), and (f), (3), and (3m) shall be \$300 and shall be paid
19 by the owner to the county in which the land subject to the withdrawal is located.
20 If the land is located in more than one county, the department shall calculate the
21 amount owed each county by dividing the \$300 by the total number of acres of the

1 land subject to withdrawal and by then multiplying that quotient by the number of
2 acres located in that county.

3 **SECTION 20.** 77.88 (7) of the statutes is amended to read:

4 77.88 (7) PAYMENT, DELINQUENCY. Taxes under sub. (5) and fees under sub. (5m)
5 are due and payable to ~~the department~~ each county in which the land is located on
6 the last day of the month following the effective date of the withdrawal order.
7 ~~Amounts received shall be credited to the conservation fund.~~ If the owner of the land
8 fails to pay the tax or fee, the ~~department~~ county shall certify to the ~~taxation district~~
9 municipal clerk the amount due of each municipality in which the land is located the
10 amount due. The taxation district clerk shall enter the delinquent amount on the
11 property tax roll as a special charge.

12 **SECTION 21.** 77.89 (1) of the statutes is amended to read:

13 77.89 (1) ~~PAYMENT~~ PAYMENTS BY COUNTIES TO MUNICIPALITIES; WITHDRAWAL AND
14 YIELD TAXES. By June 30 of each year, ~~the department, from the appropriation under~~
15 ~~s. 20.370 (5) (b),~~ each county shall pay 100 percent of each payment received under
16 ss. 77.84 (3) (b) and, 77.87 (3) and ~~100 percent of each withdrawal tax payment~~
17 ~~received under s., and~~ 77.88 (7) to the treasurer of each municipality in which is
18 located the land to which the payment applies is located.

****NOTE: This does not include withdrawal fees. OK?

19 **SECTION 22.** 77.89 (2) (title) of the statutes is amended to read:

20 77.89 (2) (title) ~~PAYMENT~~ PAYMENTS BY MUNICIPALITIES TO COUNTIES; OPEN LANDS,
21 ETC.

22 **SECTION 23.** 77.89 (2) (a) of the statutes is renumbered 77.89 (2) and amended
23 to read:

77.89 (2) Each municipal treasurer shall pay 20% of each payment received ~~under sub. (1) and~~ under ss. 77.84 (2) (a) and (am), 77.85, and 77.876 to the county treasurer of the county in which the municipality is located and shall deposit the remainder in the municipal treasury. The payment to the county treasurer for money received before November 1 of any year shall be made on or before the November 15 after its receipt. For money received on or after November 1 of any year, the payment to the county treasurer shall be made on or before November 15 of the following year.

SECTION 24. 77.89 (2) (b) of the statutes is renumbered 77.89 (3).

SECTION 25. 77.89 (3) (title) of the statutes is created to read:

77.89 (3) (title) PAYMENTS THROUGH COUNTIES TO DEPARTMENT; CLOSED LANDS.

SECTION 26. Initial applicability.

(1) **YIELD TAXES.** The treatment of sections 20.370 (5) (bv), 77.87 (3) and (5), and 77.89 (1), (2) (title), (a), and (b), and (3) (title) of the statutes first applies to reports on timber cut that are filed with the department of natural resources on the effective date of this subsection.

(2) **WITHDRAWAL TAXES AND ASSESSMENTS.** The treatment of sections 20.370 (5) (bv), 77.84 (3) (b), 77.88 (5) (a) (intro.), 1., and 2., (ab) (title), (am) (title) and 1., (ar) (title), 1., and 2., (b) (title), (intro.), 1., and 2., and (c), (5m), and (7), and 77.89 (1), (2) (title), (a), and (b), and (3) (title) of the statutes first applies to orders of withdrawal that are issued on the effective date of this subsection.

(END)

Based on ~~the~~ your ~~ex~~ e-mail sent to me on October 14,
I have redrafted this to include the repeal of S. 77.86(2).

MLB

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3187/P2dn
MGG:eev:ev

October 23, 2013

Based on your e-mail sent to me on October 14, I have redrafted this to include the repeal of s. 77.86 (2).

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215
E-mail: mary.gibson-glass@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3187/P2
MGG:eev:ev

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT** *to repeal* 77.86 (2), 77.88 (5) (a) 2., 77.88 (5) (b) 2. and 77.88 (5) (c); *to*
2 *renumber* 77.89 (2) (b); *to renumber and amend* 77.89 (2) (a); *to*
3 *consolidate, renumber and amend* 77.88 (5) (a) (intro.) and 1. and 77.88 (5)
4 (b) (intro.) and 1.; *to amend* 20.370 (5) (bv), 77.84 (3) (b), 77.87 (3), 77.87 (5),
5 77.876 (1), 77.876 (4), 77.88 (5) (am) 1., 77.88 (5) (ar) 1., 77.88 (5) (ar) 2., 77.88
6 (5m), 77.88 (7), 77.89 (1) and 77.89 (2) (title); and *to create* 77.88 (5) (ab) (title),
7 77.88 (5) (am) (title), 77.88 (5) (ar) (title), 77.88 (5) (b) (title) and 77.89 (3) (title)
8 of the statutes; **relating to:** withdrawal taxes and fees imposed on the
9 withdrawal of managed forest land and yield taxes imposed for cutting timber
10 from managed forest land.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.370 (5) (bv) of the statutes is amended to read:

2 20.370 (5) (bv) *Resource aids — county forests, forest croplands and managed*
3 *forest land aids.* A sum sufficient to pay county forest aids under s. 28.11 (8) (a),
4 forest croplands aids under subch. I of ch. 77 and managed forest land aids under ss.
5 ~~s. 77.85 and 77.89 (1).~~

6 **SECTION 2.** 77.84 (3) (b) of the statutes is amended to read:

7 77.84 (3) (b) Immediately after receiving the certification of the county clerk
8 that a tax deed has been taken, the department shall issue an order withdrawing the
9 land as managed forest land. The notice requirement under s. 77.88 (1) does not
10 apply to the department's action under this paragraph. The department shall notify
11 the county treasurer of the amount of the withdrawal fee under s. 77.88 (5m) and the
12 withdrawal tax, as determined under s. 77.88 (5). The amount of the tax and the fee
13 shall be payable to the ~~department~~ county under s. 75.36 (3) if the property is sold
14 by the county. ~~The amount shall be credited to the conservation fund.~~

15 **SECTION 3.** 77.86 (2) of the statutes is repealed.

16 **SECTION 4.** 77.87 (3) of the statutes is amended to read:

17 77.87 (3) PAYMENT. A tax assessed under sub. (1) or (2) is due and payable to
18 ~~the department~~ each county in which the cutting of merchantable timber occurred
19 on the last day of the next month following the date the certificate is mailed to the
20 owner. The ~~department~~ county shall collect interest at the rate of 12% per year on
21 any tax that is paid later than the due date. ~~Amounts received shall be credited to~~
22 ~~the conservation fund.~~

23 **SECTION 5.** 77.87 (5) of the statutes is amended to read:

24 77.87 (5) DELINQUENCY. If a tax due under this section is not paid on or before
25 the last day of the August following the date specified under sub. (3), the ~~department~~

1 ~~county~~ shall certify to the ~~taxation district clerk~~ municipal clerk of each municipality
2 in which the cutting occurred the description of the land, and the amount due for the
3 tax and interest. The ~~taxation district~~ municipal clerk shall enter the delinquent
4 amount on the property tax roll as a special charge.

5 SECTION 6. 77.876 (1) of the statutes is amended to read:

6 77.876 (1) ASSESSMENT. The department shall certify to each municipality in
7 which the ~~property land~~ is located an owner's failure to complete a forestry practice
8 during the period of time required under an applicable management plan, and the
9 municipality shall impose a noncompliance assessment of \$250 against the owner for
10 each failure. The department shall mail a copy of the certificate of assessment to the
11 owner at the owner's last-known address and to the municipality.

12 SECTION 7. 77.876 (4) of the statutes is amended to read:

13 77.876 (4) DELINQUENCY. If an assessment due under sub. (1) is not paid on or
14 before the last day of the August following the date specified under sub. (2), the
15 ~~municipality shall certify to the taxation district clerk the description of the land and~~
16 ~~the amount due for the assessment and interest. The taxation district~~ municipal
17 clerk shall enter the delinquent amount on the property tax roll as a special charge.

18 SECTION 8. 77.88 (5) (a) (intro.) and 1. of the statutes are consolidated,
19 renumbered 77.88 (5) (ae) and amended to read:

20 77.88 (5) (ae) Original orders. Except as provided in pars. (am), (ar), and (b),
21 for land withdrawn during a managed forest land order, the withdrawal tax shall be
22 ~~the higher of the following: 1. An~~ an amount equal to the past tax liability for the
23 year prior to the withdrawal multiplied by 5 years or by the number of years the land
24 was designated as managed forest land, ~~less any amounts paid by the owner under~~
25 ~~ss. 77.84 (2) (a) and (am) and 77.87~~ whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

1 **SECTION 9.** 77.88 (5) (a) 2. of the statutes is repealed.

2 **SECTION 10.** 77.88 (5) (ab) (title) of the statutes is created to read:

3 77.88 (5) (ab) (title) *Definitions.*

4 **SECTION 11.** 77.88 (5) (am) (title) of the statutes is created to read:

5 77.88 (5) (am) (title) *Converted forest croplands.*

6 **SECTION 12.** 77.88 (5) (am) 1. of the statutes is amended to read:

7 77.88 (5) (am) 1. The amount calculated under par. (a) (ae).

8 **SECTION 13.** 77.88 (5) (ar) (title) of the statutes is created to read:

9 77.88 (5) (ar) (title) *Expanded orders.*

10 **SECTION 14.** 77.88 (5) (ar) 1. of the statutes is amended to read:

11 77.88 (5) (ar) 1. For the portion of the land that is designated as managed forest
12 land under the original order, an amount equal to the product of the total net
13 property tax rate in the municipality in the year prior to the year in which the
14 expanded order is approved and the assessed value of the land for the same year, as
15 computed by the department of revenue, multiplied by 5 years or by the number of
16 years under the original order, ~~less any amounts paid by the owner under ss. 77.84~~
17 ~~(2) (a) and 77.87 during the time the land was designated as managed forest land~~
18 ~~under the original order~~ whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

19 **SECTION 15.** 77.88 (5) (ar) 2. of the statutes is amended to read:

20 77.88 (5) (ar) 2. An amount equal to the product of the total net property tax
21 rate in the municipality in the year prior to this withdrawal and the assessed value
22 of the land for the same year, as computed by the department of revenue, multiplied

1 by 5 years or by the number of years the land was designated as land under the
2 expanded order, ~~less any amounts paid by the owner under ss. 77.84 (2) (am) and~~
3 ~~77.87 during the time the land is designated as managed forest land under the~~
4 ~~expanded order~~ whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

5 SECTION 16. 77.88 (5) (b) (title) of the statutes is created to read:

6 77.88 (5) (b) (title) *Renewals.*

7 SECTION 17. 77.88 (5) (b) (intro.) and 1. of the statutes are consolidated,
8 renumbered 77.88 (5) (b) and amended to read:

9 77.88 (5) (b) For land withdrawn after the renewal of a managed forest land
10 order, the withdrawal tax shall be ~~the higher of the following: 1. An an~~ amount equal
11 to the ~~past tax liability for the year prior to the withdrawal~~ multiplied by 5 years or
12 by the number of years since the renewal, less any amounts paid by the owner under
13 ss. 77.84 (2) (a) and (am) and 77.87 whichever is fewer.

****NOTE: "Five years" is a placeholder. Please let us know the maximum number of years you want to use in this provision.

14 SECTION 18. 77.88 (5) (b) 2. of the statutes is repealed.

15 SECTION 19. 77.88 (5) (c) of the statutes is repealed.

16 SECTION 20. 77.88 (5m) of the statutes is amended to read:

17 77.88 (5m) WITHDRAWAL FEE. The withdrawal fee assessed by the department
18 under subs. (1) (c), (2) (am), (c), and (f), (3), and (3m) shall be \$300 and shall be paid
19 by the owner to the county in which the land subject to the withdrawal is located.
20 If the land is located in more than one county, the department shall calculate the
21 amount owed each county by dividing the \$300 by the total number of acres of the

1 land subject to withdrawal and by then multiplying that quotient by the number of
2 acres located in that county.

3 SECTION 21. 77.88 (7) of the statutes is amended to read:

4 77.88 (7) PAYMENT; DELINQUENCY. Taxes under sub. (5) and fees under sub. (5m)
5 are due and payable to ~~the department~~ each county in which the land is located on
6 the last day of the month following the effective date of the withdrawal order.
7 ~~Amounts received shall be credited to the conservation fund.~~ If the owner of the land
8 fails to pay the tax or fee, the ~~department~~ county shall certify to the ~~taxation district~~
9 municipal clerk the amount due of each municipality in which the land is located the
10 amount due. The taxation district clerk shall enter the delinquent amount on the
11 property tax roll as a special charge.

12 SECTION 22. 77.89 (1) of the statutes is amended to read:

13 77.89 (1) ~~PAYMENT~~ PAYMENTS BY COUNTIES TO MUNICIPALITIES; WITHDRAWAL AND
14 YIELD TAXES. By June 30 of each year, ~~the department, from the appropriation under~~
15 ~~s. 20.370 (5) (bv),~~ each county shall pay 100 percent of each payment received under
16 ss. 77.84 (3) (b) and, 77.87 (3) and ~~100 percent of each withdrawal tax payment~~
17 ~~received under s., and~~ 77.88 (7) to the treasurer of each municipality in which is
18 located the land to which the payment applies is located.

****NOTE: This does not include withdrawal fees. OK?

19 SECTION 23. 77.89 (2) (title) of the statutes is amended to read:

20 77.89 (2) (title) ~~PAYMENT~~ PAYMENTS BY MUNICIPALITIES TO COUNTIES; OPEN LANDS,
21 ETC.

22 SECTION 24. 77.89 (2) (a) of the statutes is renumbered 77.89 (2) and amended
23 to read:

77.89 (2) Each municipal treasurer shall pay 20% of each payment received ~~under sub. (1) and under ss. 77.84 (2) (a) and (am), 77.85, and 77.876~~ to the county treasurer of the county in which the municipality is located and shall deposit the remainder in the municipal treasury. The payment to the county treasurer for money received before November 1 of any year shall be made on or before the November 15 after its receipt. For money received on or after November 1 of any year, the payment to the county treasurer shall be made on or before November 15 of the following year.

SECTION 25. 77.89 (2) (b) of the statutes is renumbered 77.89 (3).

SECTION 26. 77.89 (3) (title) of the statutes is created to read:

77.89 (3) (title) PAYMENTS THROUGH COUNTIES TO DEPARTMENT; CLOSED LANDS.

SECTION 27. Initial applicability.

(1) **YIELD TAXES.** The treatment of sections 20.370 (5) (bv), 77.87 (3) and (5), and 77.89 (1), (2) (title), (a), and (b), and (3) (title) of the statutes first applies to reports on timber cut that are filed with the department of natural resources on the effective date of this subsection.

(2) **WITHDRAWAL TAXES AND ASSESSMENTS.** The treatment of sections 20.370 (5) (bv), 77.84 (3) (b), 77.88 (5) (a) (intro.), 1., and 2., (ab) (title), (am) (title) and 1., (ar) (title), 1., and 2., (b) (title), (intro.), 1., and 2., and (c), (5m), and (7), and 77.89 (1), (2) (title), (a), and (b), and (3) (title) of the statutes first applies to orders of withdrawal that are issued on the effective date of this subsection.

(END)